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FISCAL IMPACT STATEMENT

LS 6216

BILL NUMBER: HB 1019

NOTE PREPARED: Mar 28, 2003

BILL AMENDED: Mar 27, 2003

SUBJECT: Insurance Coverage for Inherited Metabolic Disease.

FIRST AUTHOR: Rep. Frenz

FIRST SPONSOR: Sen. Miller

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill requires a group accident and sickness insurance policy and a group health maintenance organization contract to offer to provide coverage for medical food prescribed for treatment of an inherited metabolic disease for a covered individual or an enrollee who is less than seven years of age.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) The state employee health plan currently provides treatment coverage for phenylketonuria. However, this bill requires that an insurer or HMO offer to provide coverage for medical food that is prescribed by a covered individual's treating physician for treatment of the covered individual's inherited metabolic disease. The decision whether to include these benefits, and incur any additional cost, is dependent upon administrative action.

Background Information: Four of the six state insurers responded that if the state provided this coverage that it would increase premiums, and two insurers did not respond to the request. The estimated premium increases range from \$0.02 per member per month to a 10% increase in the premium. However, given that the state self-insured plan administrator replied that the bill would result in a \$0.01 to \$0.03 per member per month increase in premium the actual cost may be lower. If this increase were representative of actual claims experience for all plans, total cost for the state employee plan group could range from \$9,000 to \$26,000 per year. Actual cost may be higher or lower than this estimate based upon actual claims experience.

If the state provides this coverage, the state may choose to absorb any additional costs of these provisions or to pass these costs on to employees in the form of higher deductibles, higher premiums, or by limiting

other conditions covered.

Given the responses of three insurers, the 10% premium increase appears to be an outlier. However, it is unknown how this insurer will respond if the coverage is offered and accepted, thus a cost range is presented.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) The decision whether to include these benefits, and incur any additional cost, is dependent upon administrative action taken by the governmental entity. Any increased cost to the local entity is dependent upon whether the entity accepts the offer to provide this coverage. In addition, the cost to local governments will vary depending upon the structure of their health benefit packages. This coverage may already be included in some local government policies. Local governments that do not have this coverage may choose to pass the cost on to employees in the form of higher deductibles, higher premiums, or limiting other conditions covered. Cost sharing of health benefit premiums varies widely by locality.

Explanation of Local Revenues:

State Agencies Affected: Potentially all.

Local Agencies Affected: Potentially all local units of government and local school corporations.

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